CareEdge Global assigns 'CareEdge BBB+/Stable' to ECGC Ltd.

Long-Term Foreign Currency Issuer Rating	CareEdge BBB+/Stable

CareEdge Global has assigned a Long-Term Foreign Currency Issuer Rating of **'CareEdge BBB+/Stable'** to ECGC Ltd (ECGC).

Rating Rationale

The rating of ECGC reflects CareEdge Global's expectation of strong support from its parent, the Government of India (GoI; rated CareEdge BBB+/Stable 'unsolicited'), due to its deep linkages with the entity. ECGC functions as an extension of the government, providing insurance cover to exporters thereby promoting India's exports since 1957 which remains one of the key focus areas of the government. It also plays a critical policy role in enhancing export competitiveness of the country by facilitating flow of capital at lower rates from banking system to exporters by covering risk of the banks on such exposures. The GoI holds 100% ownership of ECGC and exercises strategic oversight by nominating all directors to its board. Few of its directors are from government institutions such as the Reserve Bank of India (RBI), Export-Import Bank of India (Exim Bank), and General Insurance Corporation of India (GIC Re). ECGC is regulated by the Insurance Regulatory and Development Authority of India (IRDAI).

GoI's commitment is evident through regular equity infusions over the years resulting in paid-up share capital of Rs 4,338 crore (~USD 499 million) as of March 31, 2025. In addition to financial backing, the government maintains operational control via board representation and management oversight. CareEdge Global considers the likelihood of continued support from GoI to be high, resulting in the equation of ECGC's rating with that of the GoI owing to continued focus of the government to promote exports.

ECGC's credit profile is also supported by its presence across major export hubs in India, robust solvency and ability to pay claims, adequate underwriting profits driven by risk-based pricing and lean cost structure. However, these strengths are counter-balanced by its modest scale, limited product diversification, volatile profitability due to unforeseen risks, and potential for competition in future.

Outlook:

The stable outlook on ECGC, in line with the sovereign of India, reflects CareEdge Global's expectation of continued support from and integration with the GoI. The rating and outlook on ECGC will move in tandem with the country's sovereign rating.

Rating Sensitivities

Upward factors:

- Any upward revision in the sovereign rating or outlook of India by CareEdge Global

Downward factors:

- Any downward revision in the sovereign rating or outlook of India by CareEdge Global
- Material dilution in support philosophy of GoI or decrease in the government shareholding below the majority mark

Analytical Approach

CareEdge Global has equated ECGC's rating with that of GoI, using its criteria for rating Government Related Entities (GRE). Under the criteria, CareEdge Global believes that there is a very high likelihood of extraordinary support to ECGC from the GoI, given high strategic linkages and financial integration.

Key Rating Drivers

Strengths

Strategic importance and strong support from the government

ECGC was established in 1957 under the Ministry of Commerce and Industry as an export credit agency to promote exports from India. Its primary objective is to protect exporters against credit risks arising from buyers and importing countries. It was created to provide a level playing field for small exporters and support India's goal of becoming a net exporting nation. The GoI holds a 100% stake in ECGC and actively participates in its governance by nominating directors to the board including few from various government agencies.

ECGC received financial support from the GoI through regular equity infusions resulting in paid-up share capital of Rs 4,338 crore (~USD 499 million) as of March 31, 2025. Due to its close ties with the government, ECGC also undertakes policy-driven initiatives, such as its investment in African Trade and Investment Development Insurance (ATIDI, formerly ATI). Additionally, ECGC manages the National Export Insurance Account (NEIA) trust on behalf of the government. While the trust's corpus is fully funded by the GoI, underwriting risk for medium and long-term (MLT) projects or service exports is shared between ECGC and NEIA.

Robust Solvency providing headroom for growth

ECGC has consistently maintained a strong solvency position, significantly exceeding the regulatory requirement of 1.5x. As of March 31, 2025, its solvency ratio stood at 57.1x, up from 47.9x a year earlier. The company had no debt as of March 31, 2025, and is unlikely to raise external debt in the near to medium term.

Dividend payments are made in accordance with ECGC's board-approved policy. Dividend payouts are not expected to materially affect ECGC's financial risk profile, particularly its solvency or claims-paying ability.

For fiscal year 2025, ECGC's total value of business covered was Rs 8.55 lakh crore (~USD 98 billion), compared to Rs 7.3 lakh crore (~USD 84 billion) during the previous fiscal. The healthy solvency ratio provides ample headroom for expanding coverage, especially considering increased export focus and growing insurance penetration in the country.

Healthy underwriting profit and adequate investment yields

ECGC has reported strong underwriting profits over the past three years partly due to reversal of claim reserves. Underwriting profit without reversal also remained healthy. This performance is driven by its ability to maintain stable premium rates and keep its expense ratio within prescribed regulatory threshold of 30%. The loss ratio has also remained stable, reflecting prudent underwriting practices. ECGC also has in-house capability of assessing countries and categorize them into various risk buckets (7-point scale), with periodic monitoring. This mechanism reflects the institution's prudent underwriting practices.

Investment income has remained stable over the years, significantly contributing to overall profitability, and continues to be managed in line with prevailing IRDAI regulations. The entity's investment yield has remained adequate at 7–7.5% over the past five years, closely tracking the government securities yield curve. This is attributable to a portfolio largely comprising G-Secs, followed by 'AAA'-rated (local scale) bonds. Investment-related losses or NPAs have been low, in the range of 0.2–0.3%, indicating both safety and consistent returns. Most investments are highly liquid, with the ability to be liquidated within a day.

Adequate presence covering major export hubs

As of March 31, 2025, ECGC operated 46 branches and four regional offices across India, covering all major export hubs and ensuring localized support for exporters. The top five states, which are the country's major export centres, cumulatively account for over 60% of the gross written premium. To improve efficiency and reduce costs associated with low-revenue branches, ECGC streamlined its network from 66 branches in March 2021 to 46 at present. The current branch network is expected to remain adequate, aligned with the entity's export-centric focus and national coverage.

Weaknesses

Modest scale owing to low risk appetite

Despite ECGC's value of business covered during a fiscal growing at a CAGR of ~12% over the past ten years, from Rs 2.8 lakh crore (~USD 32 billion) in fiscal 2015 to Rs 8.55 lakh crore (~USD 98 billion) in fiscal 2025, it covers only 20%-22% of India's total merchandise export basket resulting in modest scale of business. In addition, the agency appeared to have major exposure in developed countries as reflected in the mix of its geographical exposure.

High volatility in earnings

ECGC's profitability has shown volatility over the years, primarily due to the inherent uncertainty associated with short-term policies. For example, profits declined sharply from Rs 364 crore in FY14 to Rs 180 crore in FY15, driven by a significant rise in net incurred claims from Rs 746 crore to Rs 1,163 crore during the same period. In contrast, FY16 saw higher profits despite lower premium income. The company also faced substantial underwriting losses in FY18 and FY19 due to large claims crystallising on certain project exposures. Following these events, ECGC adopted a more conservative approach by increasing provisioning. However, due to lower claim incidences during the period, there has been reversal of claim provisions contributing to continued volatility in profitability.

Liquidity

ECGC's liquidity is 'strong' and it doesn't have any scheduled repayment obligations owing to nil borrowings. However, liquidity is required to settle claims. Cash and cash equivalents account for nearly 5% of its assets, and together with investments, they form about 94% of the total asset base—ensuring robust liquidity. The liquid asset base, along with strong government support, provides additional financial flexibility.

Given the long-tail nature of claims, ECGC can comfortably meet them in a timely manner using earned premiums. Further, it has a strong investment profile, with approximately 45% of its portfolio in government securities, complemented by corporate bonds and fixed deposits that offer stable, fixed returns. This composition results in low to moderate risk of liquidity shocks or capital loss.

Environmental, Social and Governance (ESG) considerations

ECGC has a framed its Environmental, Social and Governance (ESG) Policy since May 2025. The ESG Policy prioritizes Environmental responsibility (climate alignment, capacity building and operational footprint), Social responsibility (human rights, labour standards, inclusivity, employee welfare) and Governance excellence (ethical conduct, risk management, stakeholder agreement).

ECGC creates a social impact through various initiatives in the fields of health care, nutrition, education and skill development, with contribution towards the Armed Forces Flag Day Fund, Prime Minister's Internship Scheme and Swachh Bharat Kosh. ECGC's implementation partners for these initiatives include TATA Institute of Social Sciences (TISS), Tata Memorial Hospital, Kendriya Sainik Board, Akshaya Patra Foundation, Leprosy Mission Trust of India, Vivekananda Kendra Arunachal Pradesh Trust, National Institute of Mental Health and Neuro Sciences etc.

ECGC adheres to corporate governance norms in accordance with applicable regulatory requirements. The governance framework is further strengthened through the support of the Government of India, with oversight vested in a Board of Directors comprising representatives from key institutions, including the RBI, Exim Bank, and GIC Re.

About the company

ECGC Ltd. (formerly, Export Credit and Guarantee Corporation of India Ltd.) was established in 1957 and wholly owned by Government of India. It operates under the Ministry of Commerce & Industry. Its primary mandate is to promote Indian exports by offering credit risk insurance and related services. Managed by a Board of Directors comprising representatives from the Government, Reserve Bank of India, banking and insurance sector, ECGC plays a pivotal role in safeguarding exporters against payment-related risks while enhancing their global competitiveness.

The agency provides a range of insurance products tailored for exporters and commercial banks. These include protection against political risks such as war, civil unrest, as well as commercial risks like buyer insolvency or prolonged default. Additionally, ECGC offers export credit insurance to banks and financial institutions (including collateral-free cover and customised whole turnover export) and facilitates access to export finance to small and medium exporters.

Through its services, ECGC assists exporters in mitigating risks, securing timely finance, and recovering bad debts, thereby enabling them to explore overseas markets. By keeping its premium rates optimal, ECGC functions as a vital export promotion agency that strengthens India's trade resilience in a dynamic global environment by providing a level playing field to Indian exporters.

Rating History

Instrument	Type	Rating	Date
Issuer rating	Long-Term Foreign Currency (Solicited)	CareEdge BBB+/Stable (Assigned)	September 30, 2025

Criteria Applied
CareEdge Global's Government Related Entity Rating Methodology

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